

Message Text

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PAGE 01 CANBER 06698 100719Z

15

ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

INT-08 NIC-01 SAJ-01 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 PA-04 PRS-01 USIA-15 ACDA-19

IO-14 DRC-01 /180 W

----- 082155

R 100641Z DEC 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 2155

INFO AMCONSUL BRISBANE UNN

AMCONSUL HONG KONG

AMCONSUL MELBOURNE

AMCONSUL PERTH UNN

AMCONSUL SYDNEY

AMEMBASSY TOKYO

USLO PEKING

LIMITED OFFICIAL USE CANBERRA 6698

EO 11652: N/A

TAGS: EMIN, AS, CH

SUBJ: CHINA BUYS AUSTRALIAN IRON ORE

REF: A) CANBERRA A-175 B) CANBERRA 4148

1. MINISTERS OF OVERSEAS TRADE CAIRNS AND MINERALS
AND ENERGY CONNOR JOINTLY ANNOUNCED DECEMBER 5 THAT THE
PRC HAS SIGNED A LONG-TERM CONTRACT TO BUY ABOUT 1
MILLION METRIC TONS ANNUALLY OF HIGH-GRADE AUSTRALIAN
IRON ORE OVER A THREE-YEAR PERIOD, 1974-1976. PRICE
DETAILS ARE CONFIDENTIAL, BUT THE MINISTER'S STATEMENT
SAID THAT THE NEGOTIATED "PRICE MATCHED WORLD MARKET
PRICES AND THE CONTRACT WAS ESTIMATED TO BE WORTH
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PAGE 02 CANBER 06698 100719Z

APPROXIMATELY A\$20 MILLION" (ABOUT US\$30 MILLION).
CONTRACT WAS SIGNED BETWEEN HAMERSLEY IRON AND THE

CHINA NATIONAL METALS AND MINERALS IMPORT AND EXPORT CORPORATION.

2. THE STATEMENT CONCEDED THAT VOLUME AND VALUE OF CONTRACT ARE "RELATIVELY SMALL" BUT SAID CONTRACT'S SIGNIFICANCE LAY IN FACT IT OPENS UP NEW MARKET FOR LOCAL IRON ORE WHICH IS "LIKELY TO BECOME INCREASINGLY IMPORTANT OVER TIME". STATEMENT ALSO LINKED CONTRACT TO AUSTRALIA-CHINA TRADE AGREEMENT (REFS A AND B) SIGNED LAST JULY.

3. EMBASSY COMMENT: ASIDE FROM SMALL PAST SHIPMENTS OF IRON ORE AND ZINC METAL, THE HAMERSLEY CONTRACT WOULD BE FIRST SIGNIFICANT EXPORT DEAL WITH PRC OF AUST MINERALS. THIS TRADE MAY WELL INCREASE IN THE FUTURE, BUT IT SEEMS DOUBTFUL THAT A COUNTRY LIKE CHINA WITH LARGE DOMESTIC RESERVES AND LIMITED FOREIGN EXCHANGE WILL BECOME A MAJOR IMPORTER OF AUST MINERALS.
HARROP

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Message Attributes

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Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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EO Systematic Review
30 JUN 2005

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Review Withdrawn Fields: n/a
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